

U.S. Congresswoman

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Subcommittee on Financial Institutions Hearing on “Improving Credit Card Consumer Protection: Recent Industry and Regulatory Initiatives”

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Statement for the Record

Thank you Madam Chairwoman for holding this hearing, and thank you to the witnesses who are testifying before us today.

Let me say this at the outset: credit cards, and those issuing them, are not the demons many make them out to be. For many Americans, revolving credit will be their first experience in establishing a financial track that will last them throughout their lives. For others, including myself, credit cards offer convenience and rewards that Americans relish. Regardless of their purpose, credit cards are a permanent part of American purchasing society.

In any market, bad players exist – unscrupulous vultures that prey on the needy and uninformed. Because of this, some of those testifying today want Congress to make every decision possible for consumers. However, I believe in the intelligence of the American public. If consumers are armed with the information needed, they alone will make the decisions that benefit them the most.

Consumers – whether they are college students opening their first credit card or a new family taking advantage of an awards program – should be fully aware of the fees, penalties, and advertising practices credit card providers engage. Furthermore, the disclosures of that information should be in plain English, prominently displayed, and easy to understand to the every day consumer, because let’s be honest, very few of read “the fine print.” Consequentially, I am optimistic that the efforts the Federal Reserve is taking to rework Regulation Z will be the next step in providing this consumer ammunition. The market and consumer needs have changed over the past 40 years, and the proposed improvements are a step in that direction.

There is no question more improvements could be made, and I remain concerned over the practice of universal default, raising rates on previous balances, and charging interest on a balance already paid. Regardless of whether Congress prohibits these practices, their

consequences should also be spelled out in large font, plain English before consumers are assessed penalties and fees.

I look forward to hearing from our witnesses today any additional steps Congress can take to further protect consumers so they can enjoy the benefits of revolving credit.

Thank you again Madam Chairwoman for holding this hearing today.